

**Governmental Health Group of Rhode Island
Minutes
Regular Meeting of the Board of Directors
Wednesday, January 25, 2006**

A regular meeting of the Board of Directors was held on Wednesday, January 25, 2006, at the Portsmouth Town Hall, 2200 East Main Road, Portsmouth, Rhode Island.

Roll Call

Board of Directors

Jane F. Correia	President	Present
Cynthia Brown	Director	Present
Shawn J. Brown	Treasurer	Present
Ron Devine	Director	Present
Miriam Goodman	Director	Present
Nancy Lalli	Director	Present
Robin Reasor	Director	Present
Patricia Watkins	Director	Excused

Alternate Board Members:

David P. Faucher	Vice President	Present
Maureen Macera	Alternate	Excused
Catherine McLeish	Alternate	Present
Edward Mara	Alternate	Excused
Robert Murray	Alternate	Excused
Robert Mushen	Alternate	Excused
William Rearick	Alternate	Excused
Newport Schools	Alternate	Vacant

Others Present

Lynne Dible	Secretary	Present
Glenn Steckman III	Town of Tiverton	Present
Kevin Walsh	Group Benefits Strategies	Present

Call to Order

President Correia called the meeting to order at 9:30 a.m. Secretary Dible reported that a quorum was present.

Agenda

A motion was made by S. Brown, seconded by C. Brown, to approve the agenda for the 01/25/06 meeting. The motion was approved unanimously.

Secretary's Report:

A motion was made by N. Lalli, seconded by S. Brown, to approve the minutes (previously emailed) of the meeting held 12/28/05. The motion was approved unanimously.

Treasurer's Report:

A motion was made by C. Brown, seconded by H. Devine, to approve the Treasurer's Report for period ending 12/31/2005 as presented. S. Brown reported that all financial activity has been recorded to date, and all past due balances have been resolved. The motion was approved unanimously.

Warrants:

A motion was made by S. Brown, seconded by C. Brown, to approve the February 2006 Warrant Summary. The motion was approved unanimously.

Self-Funded Cost vs. Funding Analysis:

K. Walsh provided an overview of the Analysis report, noting that the overall group's ratio of actual to expected claims was 78.5% through the end of December. He explained that this is a very favorable position to be in after 6 months of claims. He noted that the report now includes Work Related Injury Claims of approximately \$14,000 as of 12/31/2005 for those members participating in the Work Related Injury Program. K. Walsh responded to a question by H. Devine concerning what happens to positive balances at the end of the year. He explained that there are a few options that the Board could choose, but would have to vote on. The options he mentioned included possibly using any surplus to reduce rates in the next fiscal year, or more conservatively, to let any surplus build up for the purpose of covering any incurred but not reported claims that may occur. K. Walsh then went on to explain the discussion he had the day before with the underwriter at Blue Cross regarding projected rate increases for next year. Claims trends for the 4th quarter 2005 were about 11%, and the 1st quarter 2006 were about 9%, with the 2nd and 3rd quarters of 2006 also projected to be 9%. Based on this information, he is now comfortable supporting using a 10% rate increase for budget purposes, as opposed to his original recommendation to use a 15% increase in rates for next year.

Old Business:

Billing Adjustments. K. Walsh indicated that M. Gagnon at BCBSRI proposed a solution to the retroactive billing issue that was not effective or efficient for Group Benefit Strategies. He suggested that since M. Gagnon would be at the February 22, 2006 meeting for the Well Point discussion, this item should also be discussed at that meeting.

Automatic Withdrawal of Funds as Invoiced. S. Brown asked that this item be discussed at the February 22, 2006 meeting. He will have a representative from Citizens Bank attend that meeting.

Insurance Update. K. Walsh reported that he is expecting an application from HS Smith out of Hartford. He will provide quotes at the next meeting. D. Faucher reported that he filed an application with a local agent looking for quotes for Directors and Officers liability coverage. He expects to have at least one quote to present at the next meeting. He also indicated that The Trust would be willing to provide this coverage to the GHGRI once the Plan of Operation is approved by the DBR. He estimates that the Trust's premium would be about \$2,000 per year.

New Members Policy. J. Correia indicated that the proposed New Member Policy relating to surplus would be straightforward and would be presented at the February meeting

Standard Benefits Plan/Consolidating Groups. K. Walsh indicated that the prescription drug language will be the most difficult to standardize. C. Brown said that she had obtained a study that shows a 3-tiered Rx benefit structure is more of a benefit to the insurer than a co-insurance benefit arrangement. K. Walsh responded that this is probably the case but very difficult to negotiate. C. Brown said she would bring the study to the February meeting for further discussion. J. Correia said that we have to keep trying to come up with a standard benefit plan despite the challenge and the fact that it could take many years to accomplish.

Collective Bargaining Language for Flexibility. K. Walsh indicated that it appeared that the Portsmouth language seemed to be the most desired by all of the groups.

Investment Policy. S. Brown asked that this item be moved to the February meeting for discussion and approval.

SAS 70 reports from GBS and BCBSRI S. Brown reported that Blue Cross does not do a SAS 70 Report but has determined that this should not be an issue with auditors. He indicated that an RFQ for audit services for the GHGRI would be advertised by 1/30/2006. He will report on the responses to this advertisement at the February 2006 meeting, with a planned Board approval and contract award at the March 2006 meeting. This would be for a 3-year engagement.

Appointment of Alternates J. Correia stated that she had sent out an email looking for an Alternate representative from Newport Schools. N. Lalli stated that the Newport School Department is currently looking for a new Business Manager and that after this position is filled, the Alternate representative responsibility will be assigned to the new hire.

Fidelity Bond for Treasurer S. Brown stated that the GHGRI Treasurer is required to get a Bond. In addition, there should be an Assistant Treasurer. A motion was made by C. Brown, seconded by S. Brown, to appoint D. Faucher as the Assistant Treasurer. The motion was approved unanimously. D. Faucher stated that The Trust will provide a Bond if the group purchases liability insurance from them. Discussion regarding the amount of the coverage followed. S. Brown stated that he would inquire at Citizens Bank as to a recommended level of coverage. He said there is consistently \$4 million in the checking account. H. Devine expressed concern that the bond should be for a higher amount than is in the checking account. D. Faucher will look in to the limits of a Bond at the Trust and report back next month.

New Business:

Meeting Location. J. Correia stated that there was a concern for those members in the northern part of the state having to travel so far to the current Portsmouth Town Hall meeting location. She also said that alternating the location may confuse members and attendance would be affected. H. Devine offered the East Bay Collaborative offices in Warren and RIC Building 6 as options for alternate meeting locations. He said that the Warren site is favorable since it is a central location for all members. D. Faucher suggested doing a 6-month rotation with January – June meetings held in Portsmouth and July – December meetings held at the EBC in Warren. Additional discussion arose regarding conference call capability at the meeting facility in the event someone was unable to physically be at the meeting location. A motion was made by H. Devine, seconded by C. Brown, to approve the 6-month rotating meeting schedule including 6 months at the EBC offices in Warren. The motion was approved unanimously. H. Devine agreed to work with EBC to coordinate these meetings at their site.

Meeting with DBR on Plan of Operation K. Walsh reviewed the events that led up to the meeting with the DBR yesterday, 1/24/2006. He reviewed how once the group realized that they needed to submit a Plan of Operation to the DBR, GBS put it together and submitted it on October 6, 2005. After repeated messages were left by K. Walsh, the lack of response by the DBR prompted the Board to authorize K. Walsh to send a certified letter to the DBR asking that they attend the 1/25/2006 meeting of the GHGRI to discuss the status of the Plan of Operation. In response to this letter, the DBR notified attorney S. Zubiago of Nixon Peabody on Monday, 1/23/2006, that a meeting was scheduled for the next day, 1/24/2006. K. Walsh, D. Faucher and S. Zubiago attended the meeting on behalf of the GHGRI.

K. Walsh reported that, at the meeting on 1/24/2006, Mr. Torti stated that the GHGRI is in violation of Section 45-5-20.1(b) of RIGL as a result of operating prior to the DBR approving the group's Plan of Operation. The DBR considered this is a serious violation of the law and that ignorance of the law and these requirements is not an acceptable excuse for operating without their approval.

K. Walsh explained to the group that the DBR did approve the contract that GHGRI has with Blue Cross. When asked by the DBR why the attorneys at Blue Cross were not aware of this requirement, K. McCarthy explained that she was not responsible for overseeing the Plan of Operation.

Mr. Torti stated that the Plan of Operation submitted was insufficient, and provided a list of additional items that needed to be submitted. K. Walsh said the GBS was prepared to submit to the DBR all additional requested information as soon as possible and apologized to the DBR for the oversight. Mr. Marques requested that K. Walsh contact him the next day, 1/25/2006, after the GHGRI Board Meeting, to report to him the reaction of the Board.

After a brief discussion of the particulars of the meeting, K. Walsh recommended that the Board send a letter of apology from the Board regarding their lack of knowledge regarding the need to obtain DBR approval of the Plan of Operation. K. Walsh went on to explain that there is currently an issue with a gap in the legislation because the DBR does not have regulatory authority over any Plan of Operation that they must approve under RIGL 45-5-20.1. This issue is still outstanding in the legislature and is certainly relevant to our situation. J. Correia asked what the West Bay Community Health Group Organization has done regarding their Plan of Operation. K. Walsh replied that the WBCHG is apparently organized under a different statute and they do not have a joint contract with BCBSRI, rather they have separate contracts for each community. In addition to the letter of apology, K. Walsh recommended the timely submission to the DBR of all data requested for the Plan of Operation. He also recommended calling on attorney S. Zubiago to provide additional assistance and guidance through this process. K. Walsh stated that he would contact Mr. Marques this afternoon to inform him that the Board was stunned to hear of the situation and had no prior knowledge that they were in violation of the statute. The Board was properly informed by GBS of the risk-sharing arrangement of the group and fully supported the operation of the GHGRI. D. Faucher stated that he would like to prepare the draft of the apology letter to the DBR.

A discussion followed regarding what the apology letter should include. Further discussion followed regarding what the group needed to prepare for the additional information required by the DBR for the Plan of Operation. K. Walsh and D. Faucher suggested that the Board schedule an interim meeting with attorney S. Zubiago to discuss the situation. A meeting was scheduled for Tuesday, February 7, 2006 at 9:30 a.m. at Portsmouth Town Hall for this purpose.

C. Brown suggested that a standard letter with a consistent message be written to inform the elected officials of each community of the situation with the DBR and the Plan of Operation. K. Walsh stated that he would outline the points discussed today and e-mail it out to everyone.

The group agreed that K. Walsh should be the point of contact for the press.

Adjournment: A motion to adjourn at 11:35 a.m. was made by J. Correia, seconded by C. Brown. The motion was approved unanimously.

The next regular meeting is scheduled for 9:30 a.m. on February 22, 2006 at Portsmouth Town Hall.

Respectfully submitted,

Lynne S. Dible, Secretary